

Massachusetts Acute Hospital and Health System Financial Performance

Fiscal Year Data through December 31, 2020



MAY 2021

About this Report

The Center for Health Information and Analysis (CHIA) reports quarterly on the financial performance of the Commonwealth's acute care hospitals, associated hospital health systems (HHS), and affiliated physician organizations. This report provides a quarterly update on profitability, liquidity, and solvency for the fiscal year-to-date period ending December 31, 2020. For most of the entities included in this report, the data reflects first quarter results and may not be indicative of their financial position at fiscal year-end.

Hospital financial performance was significantly impacted by COVID-19 during 2020. Federal COVID-19 relief funding was distributed to hospitals as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and a portion of this funding was reported as operating revenue. State relief funds were also distributed to hospitals. Most of this funding was received and reported in the prior fiscal year, but some hospitals continued to recognize that funding through the period ending December 31, 2020.

Including HHS and affiliated physician organizations helps develop a more complete understanding of the financial performance of an acute hospital in the context of the larger health system within which it operates. This report includes 22 HHS required to submit data.

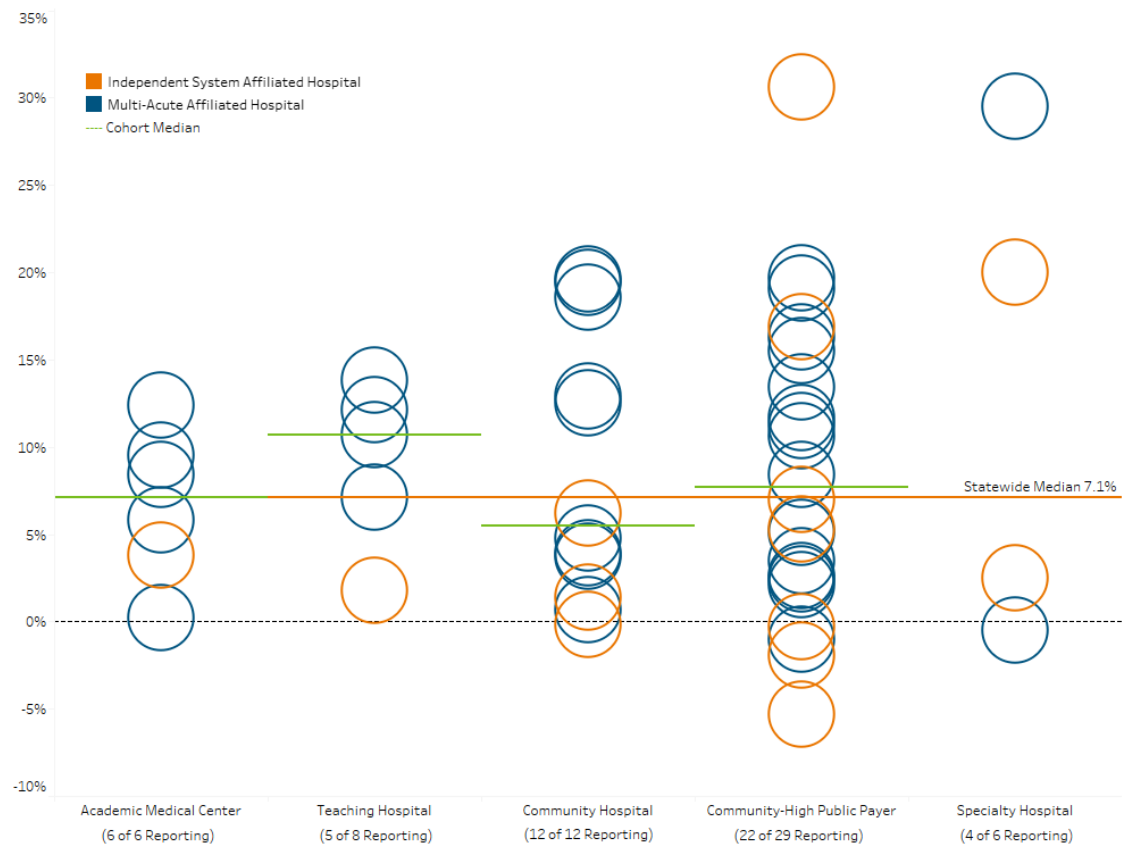
Key Findings

Profitability: Hospitals

Overall acute hospital profitability,¹ as measured by the median total margin, was 7.1%, an increase of 3.8 percentage points in comparison to the same period of the prior year (figure 2).

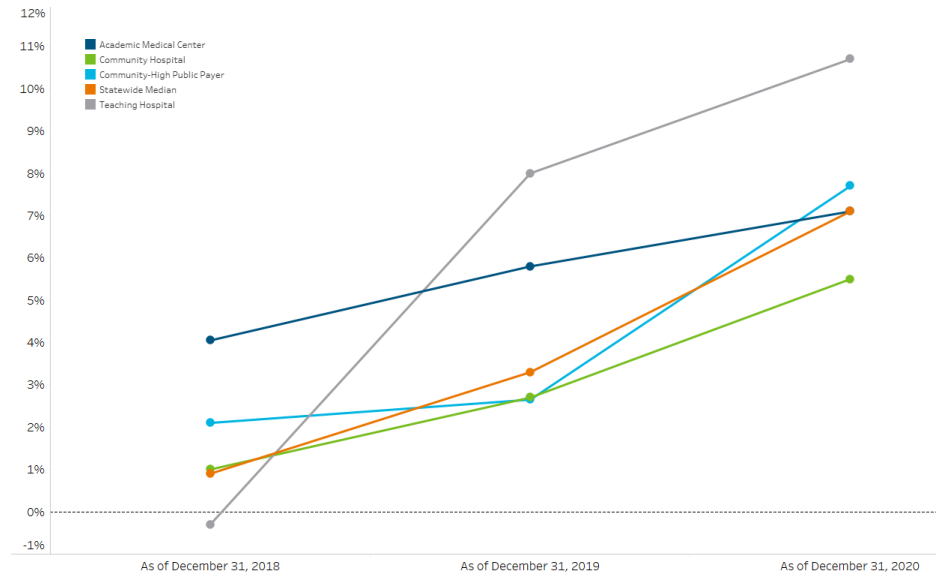
This report includes first quarter results for most hospitals and the majority reported positive total margins (43 of 49).

Figure 1: Acute Hospital Total Margin by Hospital Type



¹ Profitability or profit indicates an excess of revenues over expenses.

Figure 2: Median Total Margin by Hospital Cohort



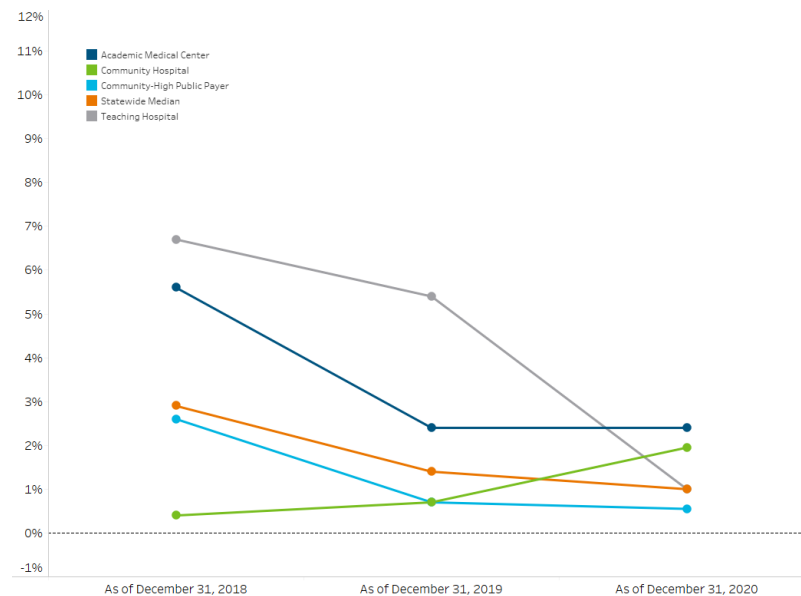
All four cohorts² experienced an increase in profitability when compared to the same period last year. The community-High Public Payer cohort reported the largest increase of 5.0 percentage points, while the Academic Medical Center cohort reported the smallest increase of 1.3 percentage points.

Changes in total margin were strongly influenced by non-operating margins during this period. Additionally, in aggregate hospitals reported \$128 million in federal and state COVID-19 relief funds as operating revenue during this time period.

² Acute hospital cohort designations are Academic Medical Center (AMC), teaching Hospital, community hospital, and community-High Public Payer (HPP). Specialty Hospitals are not considered a cohort. For further descriptions of the cohorts and specialty hospitals, see the technical appendix.

	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Statewide Median	0.9%	3.3%	7.1%
AMC (6 of 6 Reporting)	4.1%	5.8%	7.1%
Teaching Hospital (5 of 8 Reporting)	-0.3%	8.0%	10.7%
Community Hospital (12 of 12 Reporting)	1.0%	2.7%	5.5%
Community-HPP (22 of 29 Reporting)	2.1%	2.7%	7.7%

Figure 3: Median Operating Margin by Hospital Cohort



The median operating margin was 1.0%, a decrease of 0.4 percentage points compared to the same period last year.

The teaching and community-HPP cohorts experienced a decrease in median operating margin, while the community hospitals experienced an increase. The AMC cohort remained stable year over year.

These margins also include COVID-19 relief funding reported as operating revenue during this time period.

	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Statewide Median	2.9%	1.4%	1.0%
AMC (6 of 6 Reporting)	5.6%	2.4%	2.4%
Teaching Hospital (5 of 8 Reporting)	6.7%	5.4%	1.0%
Community Hospital (12 of 12 Reporting)	0.4%	0.7%	2.0%
Community-HPP (22 of 29 Reporting)	2.6%	0.7%	0.6%

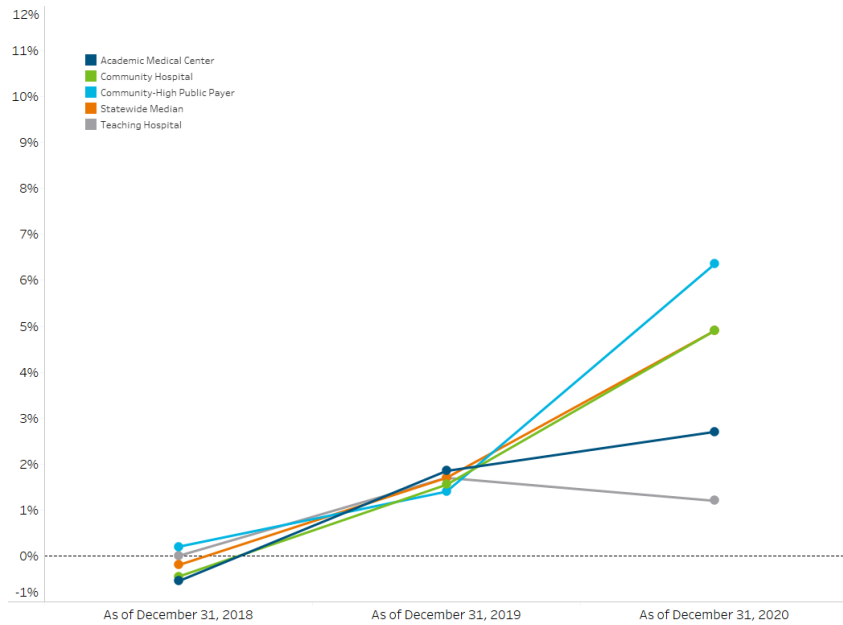
The median non-operating margin was 4.9%, an increase of 3.2 percentage points compared to the same period last year.

The AMC, community, and community-HPP cohorts all saw increases in median non-operating margin, while the teaching hospital cohort saw a decrease.

The community-HPP cohort reported the largest change in median non-operating margin, an increase of 5.0 percentage points.

Non-operating margins are influenced by changes in the investment markets. Realized and unrealized gains and losses are required to be included as non-operating income for this report. These margins reflect the first quarter results for most hospitals and may differ from fiscal year-end financial positions.

Figure 4: Median Non-Operating Margin by Hospital Cohort



	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Statewide Median	-0.2%	1.7%	4.9%
AMC (6 of 6 Reporting)	-0.6%	1.9%	2.7%
Teaching Hospital (5 of 8 Reporting)	0.0%	1.7%	1.2%
Community Hospital (12 of 12 Reporting)	-0.5%	1.6%	4.9%
Community-HPP (22 of 29 Reporting)	0.2%	1.4%	6.4%

Revenue and Expenses

Aggregate total operating revenue increased by \$472 million (5.8%) when compared to the prior year. This can be partially attributed to federal and state COVID-19 relief funds. During this time period, hospitals reported \$128 million in COVID-19 relief funds in their operating revenue.

Aggregate net patient service revenue, the most significant component of operating revenue, increased by \$183 million (2.7%), while aggregate expenses increased \$432 million (5.4%) for the fiscal-year-to-date period through December 31, 2020 as compared to the same period in the prior year.

Figure 5: Hospital Operating Revenue and Expenses Trends

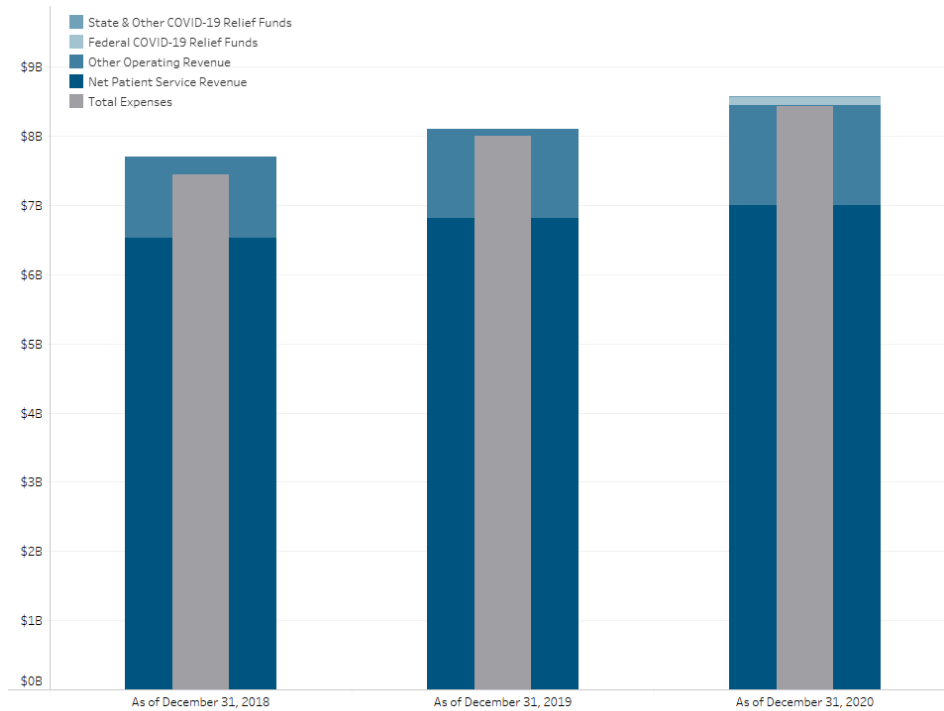
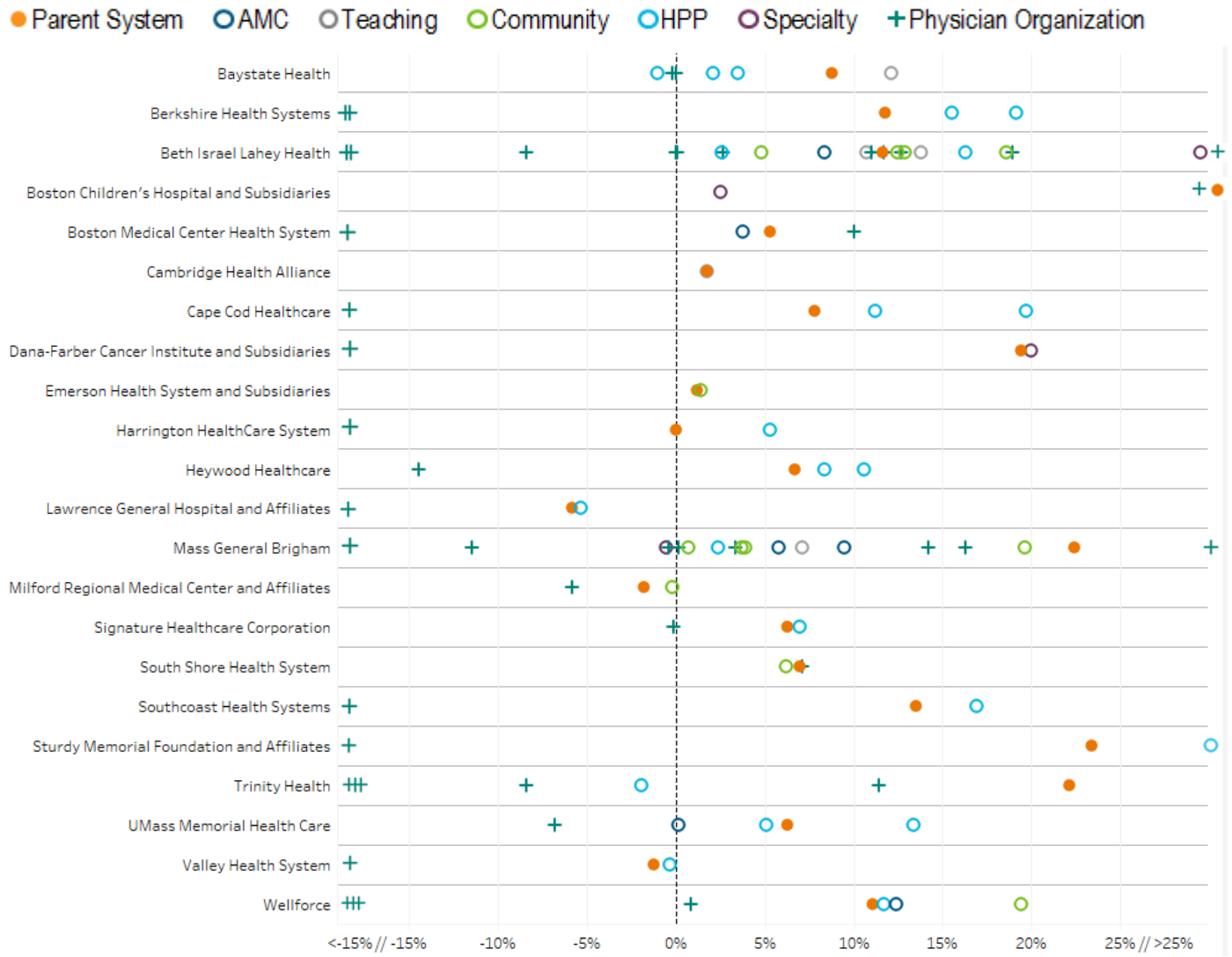


Figure 6: Total Margin of Hospital Health Systems, Acute Hospitals, and Affiliated Physician Organizations



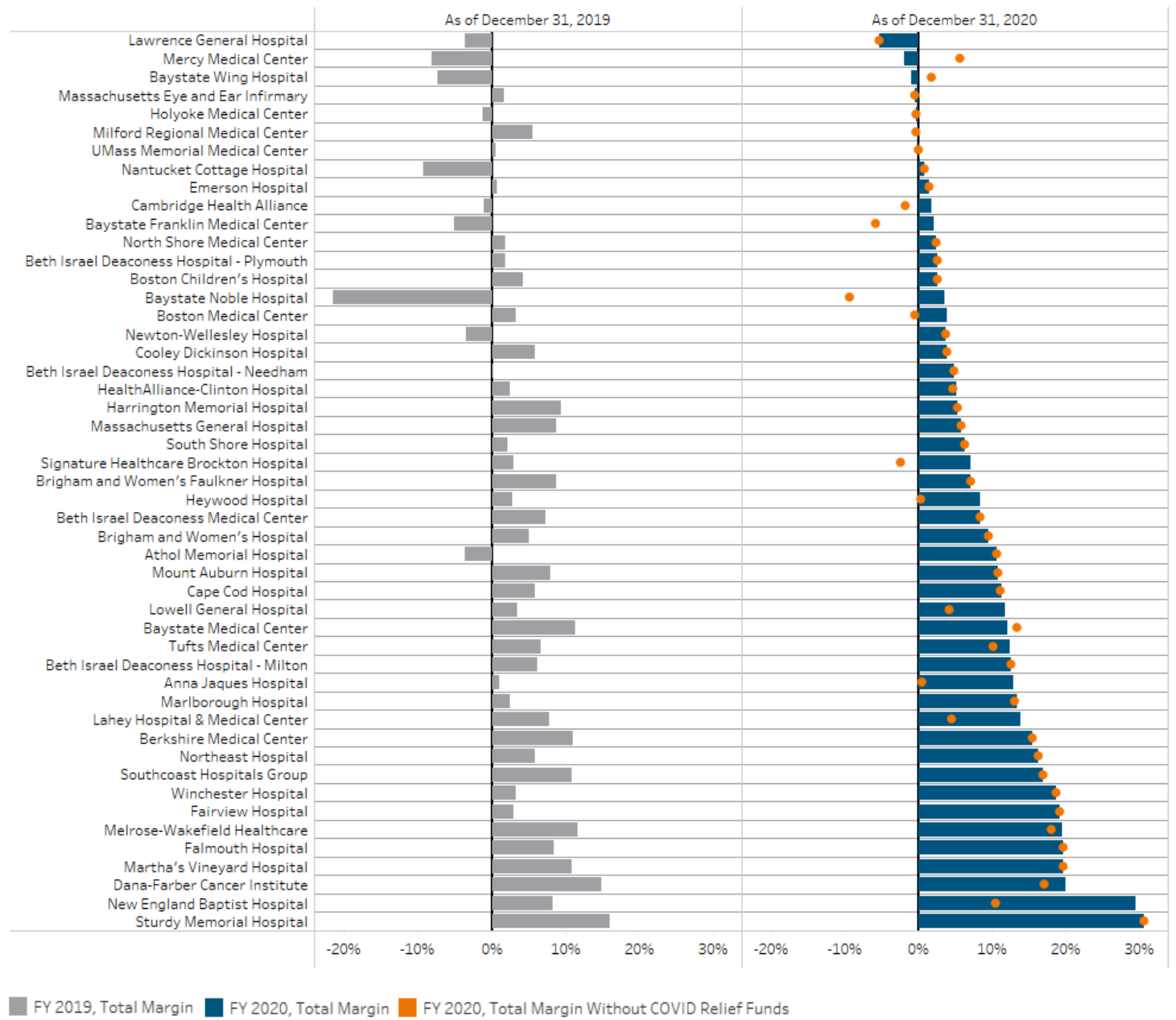
Note: Some entities had margins of <-15% or >25%. In order to display all entities in one graph, there is an axis break at -15% and 25% to account for those organizations. For more details, see the databook.

Profitability: Hospital Health Systems and Physician Organizations

As of December 31, 2020, 19 hospital health systems were profitable and reported a positive total margin, while the remaining three systems that reported data had negative total margins. This compares favorably to the same period of the prior year when 18 of 22 HHS reported positive total margins. Total margins reported by the hospital health systems were influenced primarily by non-operating margins during this time period. For most health systems, this data reflects first quarter results and may not be indicative of their final annual financial performance.

Twenty-eight of 48 affiliated physician organizations reported a net loss for the period ending December 31, 2020.

Figure 7: Comparison of Total Margin by Hospital - Data through December 31, 2020 compared to data through December 31, 2019



	As of December 31, 2019	As of December 31, 2020
Profitable Hospitals	39	43
Total Hospitals Reporting	49	49

Hospital Health System									
Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Baystate Health		3	0.8%	7.9%	8.8%	\$11.5	\$63.9	2.1	\$1,209.2
Baystate Franklin	Community-High Public Payer	3	1.0%	1.0%	2.1%	\$2.1	\$0.6	1.4	\$44.8
Baystate Medical Center ε	Teaching Hospital	3	1.0%	11.1%	12.1%	(\$5.8)	\$50.9	2.5	\$893.4
Baystate Noble	Community-High Public Payer	3	3.2%	0.3%	3.5%	\$2.0	\$0.6	0.7	\$26.3
Baystate Wing	Community-High Public Payer	3	-4.3%	3.3%	-1.0%	(\$0.6)	(\$0.2)	1.1	\$39.7
Baystate Medical Practices	Physician Organization	3	-0.8%	0.6%	-0.2%	\$13.5	(\$0.2)	-	-
Berkshire Health Systems		3	-2.4%	14.2%	11.8%	\$0.0	\$23.4	1.7	\$527.7
Berkshire Medical Center	Community-High Public Payer	3	0.0%	15.4%	15.5%	\$0.0	\$24.8	1.5	\$479.8
Fairview Hospital	Community-High Public Payer	3	3.9%	15.2%	19.1%	\$0.0	\$3.8	0.8	\$42.6
Berkshire Faculty Services	Physician Organization	3	-35.9%	0.0%	-35.9%	\$0.2	(\$4.5)	-	-
Berkshire Orthopaedic Associates	Physician Organization	3	-18.4%	0.0%	-18.4%	\$0.0	(\$0.7)	-	-
Beth Israel Lahey Health		3	4.8%	6.8%	11.6%	\$97.1	\$195.5	2.0	\$3,077.5
Anna Jaques Hospital	Community Hospital	3	7.8%	5.1%	12.9%	\$4.9	\$5.1	1.8	\$18.2
Beth Israel Deaconess Hospital - Milton	Community Hospital	3	4.9%	7.6%	12.5%	\$0.0	\$4.6	1.6	\$104.5
Beth Israel Deaconess Hospital - Needham	Community Hospital	3	2.9%	1.9%	4.8%	\$0.0	\$1.5	1.5	\$61.1
Beth Israel Deaconess Hospital - Plymouth	Community-High Public Payer	3	0.3%	2.3%	2.6%	\$0.0	\$2.1	1.4	\$121.0
Beth Israel Deaconess Medical Center	Academic Medical Center	3	1.4%	7.0%	8.4%	\$0.0	\$46.9	2.2	\$1,134.3
Lahey Hospital and Medical Center	Teaching Hospital	3	13.1%	0.7%	13.8%	\$29.3	\$41.2	1.3	\$117.2
Mount Auburn Hospital	Teaching Hospital	3	-0.6%	11.2%	10.7%	\$0.0	\$9.5	2.1	\$258.6
New England Baptist Hospital	Specialty Hospital	3	26.4%	3.1%	29.5%	\$17.2	\$23.8	3.0	\$172.9
Northeast Hospital	Community-High Public Payer	3	1.3%	15.0%	16.3%	\$0.0	\$18.8	3.2	\$270.0
Winchester Hospital	Community Hospital	3	2.7%	15.9%	18.6%	\$0.0	\$17.0	3.7	\$337.1
The Affiliated Physicians Group	Physician Organization	3	0.0%	0.0%	0.0%	\$0.0	\$0.0	-	-
Community Physicians Associates	Physician Organization	3	-69.2%	0.0%	-69.2%	\$0.0	(\$0.7)	-	-
Harvard Medical Faculty Physicians	Physician Organization	3	5.5%	5.5%	11.0%	\$0.0	\$21.7	-	-
Jordan Physicians Associates	Physician Organization	3	0.1%	0.0%	0.1%	\$1.5	\$0.0	-	-
Lahey Clinic	Physician Organization	3	12.0%	-0.2%	11.7%	\$29.5	\$11.5	-	-
Lahey Physician Community Org	Physician Organization	3	34.1%	0.0%	34.1%	\$0.9	\$1.3	-	-
Mount Auburn Professional Services	Physician Organization	3	18.9%	0.0%	18.9%	\$7.4	\$4.2	-	-
New England Baptist Medical Associates	Physician Organization	3	-29.5%	0.0%	-29.5%	\$0.0	(\$0.7)	-	-
New England Baptist Physician Group	Physician Organization	3	0.0%	0.0%	0.0%	\$0.0	\$0.0	-	-
Northeast Medical Practice	Physician Organization	3	-8.4%	0.0%	-8.4%	\$2.0	(\$0.6)	-	-
Seacoast Affiliated Group Practice	Physician Organization	3	12.7%	0.0%	12.7%	\$1.1	\$0.6	-	-
Winchester Physician Association	Physician Organization	3	2.8%	-0.1%	2.7%	\$2.1	\$0.2	-	-
Boston Children's Hospital and Subsidiaries		3	-2.5%	35.3%	32.7%	\$0.0	\$335.6	1.4	\$6,897.1
Boston Children's Hospital	Specialty Hospital	3	-2.4%	4.9%	2.5%	\$0.0	\$12.3	7.3	\$4,776.1
Physicians Organization at Children's Hospital and Foundation	Physician Organization	3	-2.1%	33.2%	31.1%	\$0.0	\$88.4	-	-
Boston Medical Center Health System		3	2.5%	2.8%	5.3%	\$20.3	\$60.2	1.8	\$1,921.8
Boston Medical Center ε	Academic Medical Center	3	0.1%	3.7%	3.8%	\$20.3	\$18.1	2.1	\$1,382.5
Boston University Affiliated Physicians	Physician Organization	3	-22.8%	0.0%	-22.8%	\$0.0	(\$0.2)	-	-
BMC Faculty Practice Foundation	Physician Organization	3	7.9%	2.1%	10.0%	\$0.0	\$12.6	-	-
Cambridge Health Alliance		6	0.6%	1.2%	1.8%	\$14.0	\$7.1	3.7	\$255.2
Cambridge Health Alliance ε	Teaching Hospital	6	0.6%	1.2%	1.8%	\$14.0	\$7.1	3.7	\$255.2
Cape Cod Healthcare		3	-5.6%	13.4%	7.8%	\$0.1	\$20.6	1.1	\$866.6
Cape Cod Hospital	Community-High Public Payer	3	-0.5%	11.6%	11.2%	\$0.0	\$18.3	1.4	\$498.3
Falmouth Hospital	Community-High Public Payer	3	-3.8%	23.5%	19.7%	\$0.0	\$10.2	1.0	\$245.3
Medical Affiliates of Cape Cod	Physician Organization	3	-66.1%	0.0%	-66.1%	\$0.0	(\$11.5)	-	-
Dana-Farber Cancer Institute and Subsidiaries		3	-3.9%	23.4%	19.4%	\$22.5	\$128.2	1.2	\$2,421.7
Dana-Farber Cancer Institute	Specialty Hospital	3	-3.5%	23.4%	20.0%	\$23.2	\$131.3	1.3	\$2,464.7
Dana-Farber Cancer Care Network, Inc	Physician Organization	3	-87.9%	0.0%	-87.9%	(\$0.7)	(\$2.4)	-	-

Hospital Health System									
Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Emerson Health System and Subsidiaries		3	0.9%	0.2%	1.2%	\$0.0	\$0.9	1.1	\$52.0
Emerson Hospital	Community Hospital	3	1.2%	0.2%	1.4%	\$0.0	\$1.1	1.1	\$45.8
Harrington HealthCare System		3	-5.2%	5.2%	0.0%	\$0.0	\$0.0	2.1	\$73.0
Harrington Hospital	Community-High Public Payer	3	-0.7%	6.0%	5.3%	\$0.0	\$2.0	2.2	\$73.1
Harrington Physician Services	Physician Organization	3	-33.9%	0.0%	-33.9%	\$0.0	(\$2.0)	-	-
Heywood Healthcare		3	1.9%	4.8%	6.7%	\$3.3	\$3.8	1.1	\$78.4
Athol Hospital	Community-High Public Payer	3	10.6%	0.0%	10.6%	\$0.0	\$1.1	1.5	\$24.2
Heywood Hospital	Community-High Public Payer	3	1.7%	6.8%	8.4%	\$3.3	\$3.4	1.0	\$43.1
Heywood Medical Group	Physician Organization	3	-14.4%	0.0%	-14.4%	\$0.0	(\$0.7)	-	-
Lawrence General Hospital and Affiliates		3	-8.3%	2.5%	-5.8%	\$0.0	(\$4.7)	1.7	\$78.3
Lawrence General Hospital	Community-High Public Payer	3	-7.7%	2.4%	-5.3%	\$0.0	(\$4.1)	1.5	\$89.7
Community Medical Associates	Physician Organization	3	-82.1%	-0.5%	-82.5%	\$0.0	(\$1.3)	-	-
Mass General Brigham		3	2.7%	19.7%	22.4%	\$0.8	\$1,070.2	2.4	\$12,116.6
Brigham & Women's Faulkner Hospital	Teaching Hospital	3	7.1%	0.0%	7.1%	\$0.0	\$5.8	1.4	\$121.0
Brigham & Women's Hospital	Academic Medical Center	3	9.3%	0.2%	9.5%	\$0.0	\$84.0	1.1	\$850.5
Cooley Dickinson Hospital	Community Hospital	3	3.9%	0.0%	3.9%	\$0.0	\$2.1	0.7	\$40.6
Martha's Vineyard Hospital	Community Hospital	3	-1.3%	20.9%	19.6%	\$0.0	\$6.2	2.0	\$145.1
Massachusetts Eye & Ear Infirmary	Specialty Hospital	3	-0.9%	0.4%	-0.5%	\$0.0	(\$0.4)	1.1	\$17.0
Massachusetts General Hospital	Academic Medical Center	3	5.6%	0.2%	5.8%	\$0.2	\$70.5	1.1	\$3,174.2
Nantucket Cottage Hospital	Community Hospital	3	-4.0%	4.7%	0.7%	\$0.0	\$0.1	3.0	\$158.0
Newton-Wellesley Hospital	Community Hospital	3	4.3%	-0.6%	3.7%	\$0.0	\$5.4	1.0	\$136.4
North Shore Medical Center	Community-High Public Payer	3	2.4%	0.0%	2.4%	\$0.0	\$3.0	1.5	\$312.2
Brigham and Women's Physicians Organization	Physician Organization	3	3.6%	10.5%	14.2%	\$0.4	\$40.5	-	-
CD Practice Associates	Physician Organization	3	-24.1%	0.0%	-24.1%	\$0.0	(\$3.6)	-	-
Massachusetts Eye and Ear Associates	Physician Organization	3	0.6%	2.7%	3.4%	\$0.0	\$1.3	-	-
Massachusetts General Hospital Physicians Organization	Physician Organization	3	2.4%	13.9%	16.3%	\$0.0	\$60.3	-	-
Nantucket Physician Organization	Physician Organization	3	100.0%	0.0%	100.0%	\$0.0	\$0.1	-	-
Newton-Wellesley Physician Hospital Group	Physician Organization	3	-0.1%	-0.3%	-0.4%	\$0.0	(\$0.1)	-	-
North Shore Physicians Group	Physician Organization	3	-11.3%	-0.2%	-11.4%	\$0.0	(\$5.2)	-	-
Partners Community Physician Organization	Physician Organization	3	-8.1%	8.3%	0.2%	\$0.0	\$0.1	-	-
Milford Regional Medical Center and Affiliates		3	-5.1%	3.3%	-1.8%	\$0.1	(\$1.5)	1.6	\$126.9
Milford Regional Medical Center	Community Hospital	3	-4.6%	4.5%	-0.2%	\$0.1	(\$0.1)	1.8	\$126.7
Milford Regional Physician Group	Physician Organization	3	-5.8%	0.0%	-5.8%	\$0.0	(\$1.4)	-	-
Shriners Hospitals for Children		Shriner's Hospital for Children has a fiscal year end date of December 31 and therefore their data is not due at this time							
Shriners Hospital for Children - Boston									
Shriners Hospital for Children - Springfield									
Signature Healthcare Corporation		3	4.8%	1.5%	6.3%	\$10.5	\$6.4	0.7	\$88.6
Signature Healthcare Brockton Hospital	Community-High Public Payer	3	5.8%	1.1%	7.0%	\$7.6	\$5.8	0.7	\$78.7
Signature Healthcare Medical Group	Physician Organization	3	-0.1%	0.0%	-0.1%	\$2.8	(\$0.0)	-	-
South Shore Health System Inc.		3	-1.8%	8.8%	7.0%	\$5.8	\$15.9	1.2	\$464.9
South Shore Hospital	Community Hospital	3	-3.0%	9.2%	6.2%	\$0.0	\$12.2	1.0	\$375.9
Coastal Medical Associates	Physician Organization	3	7.1%	0.0%	7.1%	\$5.8	\$2.1	-	-
Southcoast Health Systems		3	-4.3%	17.8%	13.5%	\$0.0	\$44.0	1.5	\$917.6
Southcoast Hospital Group	Community-High Public Payer	3	0.8%	16.0%	16.9%	\$0.0	\$43.3	1.6	\$679.4
Southcoast Physician Group	Physician Organization	3	-40.2%	0.0%	-40.2%	\$0.0	(\$20.0)	-	-

Hospital Health System									
Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue ³	Excess (Deficit) of Revenue over Expenses	Current Ratio	Net Assets
Steward Health Care									
Morton Hospital									
Nashoba Valley Medical Center									
Steward Carney Hospital ε									
Steward Good Samaritan Medical Center									
Steward Holy Family Hospital									
Steward Norwood Hospital									
Steward Saint Anne's Hospital									
Steward St. Elizabeth's Medical Center ε									
Steward Medical Group									
Steward Health Care has a fiscal year end date of December 31 and therefore their data is not due at this time									
Sturdy Memorial Foundation and Affiliates		3	-12.8%	36.2%	23.4%	\$0.0	\$22.9	1.2	\$499.8
Sturdy Memorial Hospital	Community-High Public Payer	3	-8.9%	39.5%	30.6%	\$0.0	\$25.0	1.2	\$435.0
Sturdy Memorial Associates	Physician Organization	3	-41.8%	0.0%	-41.7%	\$0.0	(\$5.2)	-	-
Tenet Healthcare									
MetroWest Medical Center									
Saint Vincent Hospital ε									
Metrowest Physician Services									
Saint Vincent Medical Company									
Tenet Healthcare has a fiscal year end date of December 31 and therefore their data is not due at this time									
Trinity Health		6	5.8%	16.4%	22.1%	\$544.3	\$2,720.9	2.4	\$16,548.7
Mercy Medical Center	Community-High Public Payer	6	-9.2%	7.2%	-1.9%	(\$12.5)	(\$3.0)	2.2	\$149.4
Mercy Inpatient Medical Associates	Physician Organization	6	-8.4%	0.0%	-8.4%	\$0.0	(\$1.2)	-	-
Mercy Medical Group	Physician Organization	6	-66.4%	0.0%	-66.4%	(\$0.0)	(\$1.4)	-	-
Mercy Specialist Physicians	Physician Organization	6	-24.5%	0.0%	-24.5%	\$0.5	(\$0.4)	-	-
Pioneer Valley Cardiology Associates	Physician Organization	6	-77.4%	0.0%	-77.4%	\$0.0	(\$2.9)	-	-
Riverbend Medical Group	Physician Organization	6	11.4%	0.0%	11.4%	\$14.7	\$5.3	-	-
UMass Memorial Health Care		3	-2.5%	8.8%	6.3%	\$2.6	\$50.4	1.4	\$1,119.5
HealthAlliance-Clinton Hospital	Community-High Public Payer	3	-3.2%	8.3%	5.1%	\$0.3	\$2.9	0.9	\$165.8
Marlborough Hospital	Community-High Public Payer	3	6.7%	6.7%	13.4%	\$0.1	\$3.8	1.4	\$55.4
UMass Memorial Medical Center ε	Academic Medical Center	3	-1.5%	1.7%	0.2%	\$1.8	\$1.1	1.1	\$432.2
UMass Memorial Medical Group Inc.	Physician Organization	3	-8.9%	2.1%	-6.8%	\$0.4	(\$10.3)	-	-
Valley Health System		3	-5.4%	4.2%	-1.2%	\$0.0	(\$0.6)	1.6	\$0.4
Holyoke Medical Center	Community-High Public Payer	3	-5.0%	4.6%	-0.3%	\$0.0	(\$0.2)	1.5	(\$11.5)
Western Mass Physician Associates	Physician Organization	3	-59.6%	0.0%	-59.6%	\$0.0	(\$0.7)	-	-
Wellforce		3	0.3%	10.8%	11.1%	\$20.3	\$70.0	1.5	\$800.4
Lowell General Hospital	Community-High Public Payer	3	6.2%	5.5%	11.7%	\$11.6	\$17.0	1.5	\$138.1
MelroseWakefield Health	Community Hospital	3	-0.8%	20.2%	19.4%	\$1.3	\$15.0	1.4	\$193.6
Tufts Medical Center ε	Academic Medical Center	3	3.4%	9.0%	12.4%	\$7.6	\$36.1	1.5	\$223.1
Circle Health Physicians	Physician Organization	3	-95.6%	-1.1%	-96.8%	(\$7.5)	(\$9.5)	-	-
Hallmark Health Medical Associates	Physician Organization	3	-26.4%	0.0%	-26.4%	(\$0.8)	(\$3.5)	-	-
Tufts Medical Center Community Care	Physician Organization	3	-37.5%	0.0%	-37.5%	\$0.0	(\$0.8)	-	-
Tufts Medical Center Physician Organization	Physician Organization	3	0.9%	0.0%	0.9%	\$0.0	\$0.7	-	-

All dollar values are in millions.

³ Sum of amounts reported as Other Operating Revenue: Federal COVID-19 Relief Funds and Other Operating Revenue: State & Other COVID-19 Relief Funds. This value does not include COVID-19 relief funds reported on other line items. As permitted, some entities transferred COVID relief funds during the current period that had been recognized in a prior period resulting in a negative amount.

ε Indicates a Hospital meets the High Public Payer threshold.

- Indicates current ratio and net assets are not collected from the physician organization.

REPORT NOTES

Description of Financial Metrics

Financial ratio analysis is one critical component of assessing an entity's financial condition. As part of this quarterly financial performance report, the Center for Health Information and Analysis (CHIA) collects data and reports on profitability, liquidity, and solvency metrics. The measures are used for hospitals and hospital health systems. The physician organizations only report on profitability metrics. Below are the descriptions and calculations for each.

Operating Margin

Operating income is income from normal operations of an entity, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities. Operating margin is a critical ratio that measures how profitable the entity is when looking at the performance of its primary activities.

Of note, some federal and state COVID-19 relief funds received are included in the entity's operating income.

Operating Margin = (Total Operating Revenue - Total Expenses Including Nonrecurring Gains Losses) / Total Unrestricted Revenue, Gains, and Other Support

Non-Operating Margin

Non-operating income or loss is net of expenses and includes items that are not related to operations, such as investment income, contributions, gains from the sale of assets, and other unrelated business activities.

Non-Operating Margin = Total Non-Operating Revenue / Total Unrestricted Revenue, Gains, and Other Support

Total Margin

This ratio evaluates the overall profitability of the entity using both operating surplus (or loss) and non-operating surplus (or loss).

Total Margin = Total Excess of Revenue, Gains, and Other Support Over Expenses / Total Unrestricted Revenue, Gains, and Other Support

COVID Funding in Operating Revenue

This metric sums all sources of COVID-19 relief funding that was recorded as other operating revenue in the financial statements. This may include COVID-19 relief funding received under the CARES Act, HHS public health and social service emergency funds, private foundation grants or contributions, or state relief funds.

COVID Funding in Operating Revenue = Other Operating Revenue: Federal COVID-19 Relief Funds + Other Operating Revenue: State & Other COVID-19 Relief Funds

Current Ratio

This ratio measures an entity's ability to meet its current liabilities with its current assets. A ratio of 1.0 or higher indicates that current liabilities could be adequately covered by the entity's existing current assets.

Current Ratio = Total Current Assets / Total Current Liabilities

Other Measures

The following are individual line items from the hospital and health system standardized financial filing:

- **Total Excess of Revenue, Gains, and Other Support Over Expenses:** Total dollar amount of surplus or loss derived from all operating and non-operating activities
- **Net Patient Service Revenue (NPSR):** Revenue an entity would expect to collect for services provided, including premium revenue, less contractual allowances. NPSR is the primary source of revenue for an entity.
- **Other Operating Revenue: Federal COVID-19 Relief Funds:** Revenue an entity received from the federal government related to the COVID-19 pandemic.
- **Other Operating Revenue: State & Other COVID-19 Relief Funds:** Revenue an entity received from the state government or source other than the federal government related to the COVID-19 pandemic.
- **Net Assets:** For not-for-profit entities, this represents the difference between the assets and liabilities of an entity, comprised of retained earnings from operations and contributions from donors. Changes from year to year are attributable to two major categories: (1) increases and/or decreases in Unrestricted Net Assets, which are affected by operations, and (2) changes in Restricted Net Assets (restricted contributions). The for-profit equivalent of Total Net Assets is Owner's Equity.

Data Caveats

Data represents the period through December 31, 2020 and is not necessarily an indication of the financial position that an entity will have at its fiscal year end.

All COVID Funding metrics are presented as reported by the hospital or entity.

Shriners Hospitals for Children, Steward Health Care, and Tenet Healthcare have fiscal year ends of December 31 and therefore their data was not due at this time.